

# Electronic Benefit Transfer (EBT) Project



## Request for Proposal for EBT Services

*Section 1, Introduction*

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***RFP-OSI-0530-204***  
***Addendum #1***

June 13, 2007

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# **1 Introduction**

## **1.1 Purpose of this Request for Proposal**

The purpose of the Request for Proposal RFP-OSI-0530-204 – Request for Electronic Benefit Transfer (EBT) Services (hereinafter referred to as the RFP) is to solicit proposals for California EBT services from vendors who have served as EBT prime contractors in a state, United States (U.S.) territory, or district. The EBT program is administered by the California Department of Social Services (CDSS). The Office of Systems Integration (OSI) provides technical support to the CDSS and serves as its agent in the acquisition and operation of EBT services.

## **1.2 Background**

California started implementation of its first EBT services contract in July 2001 and completed implementation in April 2005 with Citicorp Electronic Financial Services, Inc. (now J. P. Morgan Electronic Financial Services, Inc.<sup>1</sup> [JPMorgan EFS]) serving as the current EBT Contractor<sup>2</sup>. Implementation of EBT in California was significantly different than the implementation of EBT in other states. California's Statewide Automated Welfare System (SAWS) is comprised of four (4) eligibility system consortia, three (3) of which are operated by the counties and one (1) which is operated by the state. The SAWS consortia systems automatically determine eligibility, calculate benefits, and provide integrated case management for California's welfare programs. Most other states have only one (1) automated eligibility system. California administers its public assistance programs through its 58 counties, each of which have slightly different business processes. As a result, the EBT system must interface with four (4) eligibility systems and 58 counties.

The federal government also required California to implement an independent method of performing daily reconciliation of EBT financial data at the state and county level. Under a separate contract, California implemented a system called the Statewide Automated Reconciliation System (SARS) to perform this reconciliation. SARS interfaces with the EBT system and is fully operational.

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<sup>1</sup> JPMorgan EFS completed the stock purchase of Citicorp Electronic Financial Services, Inc. on January 6, 2004.

<sup>2</sup> The state will use the term "current EBT Contractor" when referring to its current Contractor, JPMorgan EFS.

### 1.3 Scope of the RFP and Bidder Admonishment

This RFP contains the instructions governing the requirements for a bid to be submitted by interested bidders, the format in which bid information is to be submitted, and the material to be included therein. All requirements, as well as the bidders' responsibilities, are described in detail. Additional information regarding the preparation, submittal, and evaluation of a bidder's proposal is found in Section 2, Rules Governing Competition; Section 8, Proposal Format; and Section 9, Proposal Evaluation.

To minimize the risk of submitting a noncompliant proposal, the bidder should do all of the following:

- Carefully read the entire RFP.
- Ask appropriate questions in a timely manner, if clarification is necessary.
- Submit all required responses by the required dates and times.
- Make sure all procedures and requirements of the RFP are accurately followed and appropriately addressed.

Responses to this RFP will be evaluated based on each bidder's total proposal. The award, if made, will be to a single bidder. This is a "best value" procurement that features evaluation of bidders across a number of categories, including (but not limited to) cost.

### 1.4 Document Format

This RFP consists of ten (10) sections and 14 appendices. The sections are:

- Section 1, Introduction – This section provides information about the purpose, background, and format of this document.
- Section 2, Rules Governing Competition – This section describes how the procurement will be run and provides information on laws and regulations with which the bidder must comply.
- Section 3, Current Environment – This section provides information on how California currently provides EBT services as well as a description of the existing infrastructure.
- Section 4, Proposed System – This section describes the services the state is procuring in this RFP as well as certain options which the state may choose to exercise in the future.
- Section 5, Administrative and Bidder Requirements – This section defines administrative and bidder requirements related to the bidder's submittal of its proposal.
- Section 6, Business and Technical Requirements – This section defines all of the business (functional) and technical (system) requirements that must be met to fully satisfy the state's EBT service needs.

- Section 7, Cost Proposal – This section contains instructions on how the bidder's cost data is to be presented.
- Section 8, Proposal Format – This section provides the mandatory format with which the bidder's proposal must comply.
- Section 9, Proposal Evaluation – This section explains how the state will evaluate the bidder's proposal. It contains information on the areas that will be scored, how scoring is performed for each of those areas, and how the final score is computed.
- Section 10, Demonstration – This section describes scenarios which must be successfully executed during a demonstration.

The appendices are:

- A. Model Contract
- B. Acronyms
- C. Interface Specifications
- D. Consortia Membership by County
- E. Major Participating Retailers and Financial Institutions
- F. Data Item Descriptions for all Documents
- G. Waivers to Federal Regulations
- H. Benefit Types Used in California
- I. Restaurant Meals Program Participation
- J. Wireless POS Device Locations
- K. Standard Report Format
- L. Document Update Schedule
- M. County Administrative Equipment
- N. Additional County Equipment
- O. FNS File Format Specifications

All requirements are contained within Sections 5 and 6 and are divided into groups. Each group of requirements begins with explanatory lead-in text followed by a table that contains the specific requirements for that group. Every requirement is mandatory and must be met.

## 1.5 Definitions and Acronyms

This RFP contains definitions and acronyms associated with social services programs, electronic funds transfer, and the State of California. Definitions are presented in the definition section of the Model Contract found in Appendix A. Acronyms are defined upon their first occurrence in the RFP text and in Appendix B.

## 1.6 Standards Utilized

The OSI follows industry best practices from organizations such as the Project Management Institute (PMI) and the Institute of Electrical and Electronics Engineers (IEEE) in the development and acquisition of systems and services. The following table lists standards used by the OSI to support EBT services.

**TABLE 1.1, STANDARDS UTILIZED**

Reference No.	Title	Author	Issued
1490-2003	IEEE – Adoption of PMI Standard – A Guide to the Project Management Body of Knowledge	PMI	5/24/2004
1220-2005	IEEE Standard for the Application and Management of the Systems Engineering Process	IEEE	9/9/2005
ISO/IEC 17799:2005(E)	Code of Practice for Information Security Management	International Organization for Standards (ISO)/ International Electrotechnical Commission	2005
None	Quest® Operating Rules – Version 1.5	Electronic Benefit System Council of the National Automated Clearing House Association	7/2005

The OSI requires each bidder to comply with appropriate federal and state laws and regulations regarding IT security and data privacy that apply to the bidder's company and its technology.

## 1.7 Bidders Library

The OSI maintains a bidders library which is located on the EBT Project's website at:

<http://www.ebtproject.ca.gov>

## 1.8 Availability

The selected bidder must be able to meet the requirements of this RFP and be fully available on the contract execution date.

## 1.9 Procurement Official

This procurement is controlled by the OSI. The OSI official and the mailing address for that official are listed below. All inquiries should be sent electronically, unless otherwise specified in this RFP, to:

Judy Wong  
Office of Systems Integration  
3835 N. Freeway Boulevard, Suite 110  
Sacramento, CA 95834  
Telephone: (916) 263-3264  
E-mail: [osivendormailbox@osi.ca.gov](mailto:osivendormailbox@osi.ca.gov)

## 1.10 Key Action Dates

Table 1.2, Key Action Dates, contains important dates associated with this RFP.

**TABLE 1.2, KEY ACTION DATES**

Key Action (Activity)	Date <sup>3,4</sup>
Release RFP.	5/4/007
Submit Intent to Bid by 2:00 p.m. Pacific Time.	5/22/2007
Last day to submit questions and/or changes to RFP requirements and/or contract terms. Questions and/or changes are due by 2:00 p.m. Pacific Time.	5/25/2007
Last day to submit request to protest requirements. Protests are due by 2:00 p.m. Pacific Time.	<del>6/20/2007</del> 6/15/2007
Submit Draft Proposal. Due by 2:00 p.m. Pacific Time.	7/20/2007
Evaluate Draft Proposals.	7/23/2007-8/10/2007
Conduct Confidential Discussions.	8/13/2007-8/17/2007
Submit Final Proposal. Due by 2:00 p.m. Pacific Time.	9/7/2007
Evaluate Final Proposals.	9/10/2007-10/19/2007
Conduct Demonstrations.	10/22/2007-10/26/2007
Conduct Cost Opening.	10/29/2007
Conduct Cost Evaluation.	10/30/2007-11/12/2007
Release Notification of Intent to Award.	11/19/2007
<del>Last day to s</del> Submit Protest of Notification of Intent to Award. <del>Due by 2:00 p.m. Pacific Time.</del>	11/26/2007
Award and Execute Contract.	5/1/2008

<sup>3</sup> All dates subsequent to the final proposal submission date are approximate and may be adjusted without issuing an addendum.

<sup>4</sup> If the state releases an addendum, bidders will have five (5) business days following the date of release of the addendum to submit questions.

If the state finds all final proposals submitted by bidders to be deficient, the state may declare the submitted proposals to be drafts, conduct oral briefings with each bidder, and request the resubmittal of proposals.